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United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

June 7, 1999

The Honorable Judd Gregg
Chairman
Appropriations Subcommittee on Commerce,
Justice, State, and the Judiciary
S146A Capitol
Washington, D.C. 20510

Dear Chairman Gregg:

We are writing to request additional funding for FY 2000 for the Office of Advocacy (Office) within the Small Business Administration (SBA). We recently introduced legislation which will increase the Office's responsibilities. As the Chairman and the Ranking Member of the Committee on Small Business, we are strong supporters of the Office's important work with and on behalf of small businesses across this nation. Consequently, we want to ensure that sufficient resources and personnel will be available to fulfill the Office's many responsibilities.

Over the past three years, the responsibilities of the Office of Advocacy, headed by the Chief Counsel for Advocacy, have increased. With unanimous support in the Senate, the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) expanded the duties of the Office by amending the Regulatory Flexibility Act to provide small businesses with meaningful participation in federal agency rulemaking. In particular, the law required the Office of Advocacy to participate in the Small Business Advocacy Review Panels, and the Act requires the Occupational Safety and Health Administration and the Environmental Protection Agency to convene to review draft proposed rules with a significant economic impact on a substantial number of small entities. These Panels are responsible for creating regulatory options that would mitigate the impact on small firms without sacrificing the environmental, or health and safety goals of the proposed rule.

On May 27 of this year, we introduced S. 1156, the "Small Business Advocacy Review Panel Technical Amendments Act of 1999," to amend SBREFA and include the Internal Revenue Service as a "covered agency" subject to the Panel process. To prepare for and participate effectively in the Panels convened to review draft IRS interpretative rules, we believe that the Chief Counsel will need additional staff and approximately \$400,000 for additional research to examine effects of proposed rules by this agency.

Additionally, Senator Enzi has introduced S. 1114, legislation to add the Mine Safety and Health Administration of the Department of Labor to the list of agencies required to convene Small Business Advocacy Review Panels. If enacted, this bill would also require additional

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resources. As the Chief Counsel for Advocacy noted in a May 21, 1999, letter to Senator Enzi:

Advocacy supports the inclusion of MSHA in the SBREFA Panel process, but advises that current responsibilities already tax office resources to the limit. You may be aware that since the early 1990's Advocacy personnel has been reduced by 25 percent, from 74 positions to 50. If Congress includes MSHA as a covered agency under the RFA, Advocacy will need at least one additional person and at least \$100 thousand dollars in research funding.

For FY 1999, the Administration requested \$1.4 million for the Office of Advocacy's economic research and \$800,000 was appropriated. The lack of research funding has seriously hampered Advocacy's efforts to produce vital data that no other office in the Federal government is able to procure, gather and distribute.

The Committee on Small Business held a roundtable meeting with small business representatives April 21, 1999, concerning funding and resource issues for the Office of Advocacy. There was unanimous consent from the small business community that this Office needs additional research dollars and staff to fulfill not only its responsibility to educate Congress, as well as government and state agencies, on the needs of small business, but also to comply with its statutory responsibilities under the Regulatory Flexibility Act and SBREFA.

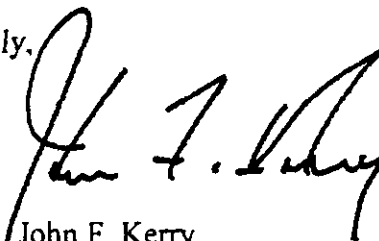
We therefore urge you and Senator Hollings to include in SBA's FY 2000 appropriations \$2.5 million for Advocacy's economic research efforts. This figure reflects Senator Bond's prior request for \$2 million for economic research, plus an additional \$500,000 for the research that will be required upon enactment of S. 1156 and S. 1114. Our request is \$1.1 million above the earlier Administration request of 1.4 million for the Economic Research branch of the Office of Advocacy. In addition, we request that the Committee report accompanying the bill include language to provide direction and funds for the Office of Advocacy to hire four additional full time equivalents to perform the work associated with the Office's expanded responsibilities under S. 1156 and S. 1114.

Thank you for your consideration of this request. We sincerely appreciate your efforts to ensure that the interests of small businesses are reflected in the FY 2000 appropriations bill.

Sincerely,



Christopher S. Bond
Chairman



John F. Kerry
Ranking Member

cc: Senator Ernst Hollings, Ranking Member